

Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

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Employer Identification

Contact Person - ID Number:

Contact Telephone Number:

LEGEND

UIL 4945.04-04

B= Foundation
C= Scholarship
D= high school graduates
F= State
G= University
x= \$amounts
y= number

Dear

We have considered your request for advance approval of your grant-making program under section 4945(g)(1) of the Internal Revenue Code, dated April 9, 2008.

Our records indicate that B was recognized as exempt from Federal income tax under section 501(c)(3) of the Code and that it is classified as a private foundation as defined in section 509(a).

Your letter indicates that B will operate a grant-making program called C. The program will provide scholarships for D which will aid in the completion of a bachelor's degree in specified science and engineering majors at an accredited four-year college or university. The age range for eligibility will be specified in the annual announcement of the scholarship and on the website prior to the start date of the application period. The status of C's scholarship information that will be posted on B's website will be consistent with the information provided by B that is detailed in this 4945(g) letter.

No educational loans will be provided in this scholarship program.

C was established to award up to y grant awards in amounts of x.

Primary publication will be a website, which will be maintained throughout the year and updated prior to each offering to display the current eligibility requirements, disbursement method and amount of scholarship, application and decision deadlines, selection criteria, and requirements for continuation of scholarship. B will encourage secondary schools in F, financial aid offices of appropriate accredited four-year colleges and universities, private and government student aid organizations,

and professional organizations to provide links to the website. Mailers will also be sent to leading science and engineering universities and colleges, as determined by relative rankings in such publications as U.S. News and World Report as well as rankings published in technical journals/trade magazines.

Eligibility criteria are as follows:

- (i) The student must have resided in F for a minimum period of five years, as specified in the annual announcement of the scholarship and on the website prior to the start date of the application period, prior to entering a college or university.
- (ii) The student must be a graduate of an accredited F high school.
- (iii) The student must be in the age range for eligibility as specified in the annual announcement of the scholarship and on the website prior to the start date of the application period.
- (iv) The student must currently attend an approved accredited four-year college or university and have completed at least half (50%) of the required credit hours towards a bachelor's of science or engineering degree at that institution.
- (v) The student must have a major in physics, chemistry, molecular biology, pre-med, or engineering.
- (vi) The student must meet or exceed the grade point average requirements of 3.5 as specified on or before the start of the application period.
- (vii) Subject to the restrictions defined in (iv) and (v), the student must be on schedule to complete an approved course of learning to a bachelor's degree to be completed in two years of less.
- (viii) The student must not be a disqualified person of B, including B officers/managers, substantial contributors, and family members.
- (ix) Neither the student nor members of his/her immediate family may have any business relationship to B directors of officers that is material to selection.

Selection criteria and process are as follows:

- (i) B board of directors will conduct the selection process.
- (ii) Only those applications meeting the eligibility requirements will be considered in the selection process.
- (iii) Applications that meet the eligibility requirements, but are received after the application deadline, will be notified that they cannot be considered in the current year, but could reapply for the next academic year.

Foundation
EIN

(iv) All applications will be acknowledged and will be maintained in B files for five years.

(v) Applicants will be ranked from the most desirable or need(high score) to least desirable or need(low score) by each category.

(vi) The selection categories by which the applicants will be ranked are:

- a. Quality or relative rank of the academic institution being attended,
- b. Degree sought and future relevance of degree in workforce,
- c. Difficulty of courses taken and grades awarded in each course,
- d. Overall grade point average,
- e. Results of standardized tests,
- f. Extra-curricular activities that specifically relate to the science or engineering major,
- g. Planned use of degree,
- h. Recommendations of faculty,
- i. Need for assistance,
- j. Time lived in F.

(vii) The board of directors will assign a weighting multiplier to each of the ten categories and the student ranking times the weighting multiplier for each category will determine the score for each category. The category scores will be summed, and if the subtotal scores meet the minimum standard established by the Board of Directors, the applicants with the five highest score totals will be interviewed. The results of the interviews will be ranked, the interview results appropriately weighted, and the final competition scores calculated for each candidate. Subject to limitation (ix), the applicant(s) with the highest total score(s) will be awarded the scholarship(s).

(viii) A record of the selection metrics noted above will be kept for 5 years for each B Scholarship award made.

(ix) B board of directors reserves the right to make no awards in any given year if, in the determination of the board, no applicant qualifies of the above selection criteria.

(x) B board of directors will meet once each year during January to review and, if necessary, redefine the minimum eligibility standards to be used in completing part (vii) above.

Directors of B will decide prior to making the announcement each year the number of grants and amounts based on funding.

Once awarded, to maintain a scholarship, the recipient must:

- (i) Continue enrollment at the same college or university.
- (ii) Continue with the same technical degree program submitted with the application or receive approval in advance for any changes to the program from B directors.
- (iii) Demonstrate that the grade point average requirement set in the initial application year is being maintained by submitting semester/quarter transcripts to B directors.
- (iv) Submit a written statement describing any significant changes of his/her financial status.

Documentation of scholarship maintenance will be kept in the recipient's file. B directors will periodically review the documents to determine whether the recipient continues to meet the necessary requirements. If it is decided that the recipient fails to meet one or more of the requirements, the scholarship may be terminated, and the board will make an effort to recover the funds.

If the institution the recipient attends maintains a 501(c)(3) organization through which scholarship funds can be disbursed to the student, the payments will be made to this institution, and documentation of the institution's 501(c)(3) status will be kept on file. If the institution cannot provide such a service, payments will be made directly to the recipient, and the recipient will be required to show that the funds were spent entirely on educational expenses for which there is no tax liability. Documentation of how funds were spent will be maintained in each recipient's file.

To receive a scholarship for an additional year, the student must submit a request to be considered for the scholarship in the next academic year and update any information required in the application. The student's application will then be processed using the previously described selection criteria along with the other applicants for that year. B Scholarship award determination(s) will then be made as outlined in the selection criteria and process.

For each academic year, C Scholarship selection committee will be the current board of directors of B. Should the board decide to form a committee to perform the selection process; the committee will be formed according to Article IV, Section 2 of Section 3 through 7 of B Bylaws.

The estimate number of high school graduates each year in F who plan to enroll in college is 15,000. Of these students, approximately 8% (or 1,200) are expected to enroll in qualifying science and engineering majors. Although G is the only university in F, its technical colleges are not ranked highly. The great majority (95%) of freshmen technical F college students plan to attend one of the local junior and senior colleges,

Foundation
EIN

leaving F. 60 candidates are expected to apply to high quality educational institutions located outside F.

Sections 4945(a) and (b) of the Code impose certain excise taxes on "taxable expenditures" made by a private foundation.

Section 4945(d)(3) of the Code provides that the term "taxable expenditure" means any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or other similar purposes by such individual, unless such grant satisfies the requirements of subsection (g).

Section 4945(g) of the Code provides that section 4945(d)(3) shall not apply to individual grants awarded on an objective and nondiscriminatory basis pursuant to a procedure approved in advance if it is demonstrated that:

- (1) The grant constitutes a scholarship or fellowship grant which is subject to the provisions of section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii);
- (2) The grant constitutes a prize or award which is subject to the provisions of section 74(b), if the recipient of such prize or award is selected from the general public, or
- (3) The purpose of the grant is to achieve a specific objective, produce a report or similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the grantee.

Section 53.4945-4(c)(1) of the Regulations provides that to secure approval, a private foundation must demonstrate that:

- (i) Its grant procedure includes an objective and nondiscriminatory selection process;
- (ii) Such procedure is reasonably calculated to result in performance by grantees of the activities that the grants are intended to finance; and
- (iii) The foundation plans to obtain reports to determine whether the grantees performed activities that the grants are intended to finance.

Based on the information submitted and assuming your award programs will be conducted as proposed with a view to provide objectivity and nondiscrimination in making the awards, we have determined that your procedures for granting the awards comply with the requirements contained in section 4945(g) of the Code and that awards granted in accordance with such procedures will not constitute "taxable expenditures" within the meaning of section 4945(d)(3).

This determination is conditioned on the understanding that there will be no material change in the facts upon which it is based.

Foundation
EIN

6

It is further conditioned on the premise that no grants will be awarded to foundation managers, or members of the selection committee, or for a purpose that is inconsistent with the purpose described in section 170(c)(2)(B) of the Code.

The approval of your award program procedures herein constitutes a one-time approval of your system standards and procedures designed to result in awards which meet the requirements of section 4945(g)(1) of the Code. This determination only covers the grant programs described above. Thus, approval shall apply to subsequent award programs only as long as the standards and procedures under which they are conducted do not differ materially from those described in your request.

In addition, we have determined that awards made under your procedures are excludable from the gross income of the recipients subject to the limitations provided by section 117 of the Code.

Any funds you distribute to individuals must be made on a true charitable basis in furtherance of the purposes for which you are organized. Therefore, you should maintain adequate records and case histories so that any or all award distributions can be substantiated upon request by the Internal Revenue Service.

This determination is directed only to the organization that requested it. Section 6110(j)(3) of the Code provides that it may not be used or cited as a precedent.

You must report any future changes in your grant making procedures. Please keep a copy of this letter in your permanent records.

We have sent a copy of this letter to your representative as indicated in your power of attorney.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Robert Choi
Director, Exempt Organizations
Rulings and Agreements